GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:329
ANSWERED ON:14.08.2007
FDI IN RETAIL SECTOR
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government has undertaken any study to allow FDI in the retail sector in the country;

(b) if so, the details of the study report and steps taken by the Government to regulate the entry of FDI into retail trade sector;

(c) the details of investment made by the FDI in the retail sector / industry during each of the last three years;

(d) whether the Government has assessed the impact of said investment;

(e) if so, the details thereof;

(f) whether the Government is considering to bring some changes in the various existing laws such as land acquisition etc;

(g) if so, the details thereof; and

(h) the steps taken by the Government to safeguard the interest of small retailer of the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a) & (b): Government has recently instituted a study to assess the impact of organized retailing on unorganized retail trade through Indian Council for Research on International Economic Relations (ICRIER). The final report is yet to be submitted by the ICRIER.

(c): Foreign Direct Investment (FDI) was allowed up to 51% in Single Brand Retail Trade in February, 2006. Till date 17 approvals involving an investment of US$ 3.3 million have been granted by the Government. However, as per data provided by Reserve Bank of India, no inflows have been received in Single Brand Retail Trade.

(d) & (e): The policy on FDI in Single Brand Retail was allowed in February, 2006 and till May 2007 no foreign investment has been reported in the sector. FDI like any other investment not only brings in capital but also provides access to modern technology and best practices.

(f) & (g): Indian laws are subject to periodical review with a view to update and harmonise them with the needs of socio-economic development of the country.

(h): Government remains committed to initiating, where necessary, suitable measures for safeguarding the legitimate interests of all sections of society.